

Development Of Financial Services And Application Of Its Experience To The National Economy

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Abstract: The article discusses the opinion of researchers in the field of financial technology and services, provides the stages of development of financial technology, experience and practice in the development of fintech in developed countries. Factors stimulating their development and obstacles hindering the development of fintech have been identified. Considerable space is devoted to the prospects for their use, as well as to an analysis of the problems that need to be solved in order to remove obstacles to their wider distribution in the domestic economy.

Key words: financial market, financial technologies, financial services, innovation, digitalization, digital technologies.

1. Introduction.

Today, the financial technology market is proving to be one of the fastest growing industries worldwide. In fact, this fact means that those projects and decisions that seemed impossible just yesterday are now being implemented in practice in financial institutions.

At this stage, fintech continues to actively develop and be introduced into all spheres of life of society and the state. It is already quite difficult to imagine your life without the use of new financial technologies that simplify financial processes, make them automated and client-oriented. Thus, the scientific and technical process does not stand still. It is thanks to the development of technologies such as artificial intelligence, cloud services, and new analytical tools for processing big data that we can talk about a transition to a new high level of customer service quality. This is reflected in the fact that now all financial transactions are carried out using mobile devices (phones and tablets).

2. Literature review.

Today, financial technology is one of the most basic areas for the development of digitalization in the modern world. A growing family of trusted technology tools for personal and business finance is increasing their use and impact. They are changing the financial world at an increasing pace, and there is a significant objective component confirming that these changes are for the better (Vasiliev (2023)).

According to Krivolapov and others (2023), financial technologies are the provision of any financial services or services using innovative technologies, such as Big Data, blockchain, artificial intelligence, etc.

According to Oborin (2022), financial technologies can be defined as a complex of innovative financial products with innovative financial technologies, a more technological modification of products that have already been created in the past.

According to Sitik (2019), fintech is a qualitatively new stage in the evolution of the financial market, the goal of which is to technologically equip financial market factors with the latest infrastructure and service solutions created as part of the 4th industrial revolution.

Following Eshtokin (2021), it was found that fintech is a new ideology for doing business in the financial market. According to the author, fintech can be defined, on the one hand, as a set of technologies used by financial market participants to improve the efficiency of transactions with financial assets, on the

other hand, it is the newest institutional actor that unites the most technologically advanced financial businesses - direct competitors to traditional financial market participants.

3. Research methodology.

Logical-structural analysis of theoretical and empirical data presented in the public domain was used as a research method. Also analysis and synthesis, which allow, on the one hand, to highlight individual areas of development of financial technologies, and, on the other hand, to generalize and link together the main trends in their development. As a result of the study, the special importance of financial technologies in the financial sector, as well as digital technologies in the field of finance, was identified.

4. Analysis and results.

The development of financial technologies has served as a driver for the transformation of the global financial system. Uzbekistan was no exception; at the present stage of its development, integration processes are taking place between various spheres of activity, leading to real changes. A key segment in the development of financial markets has been the introduction of new financial technologies that emerge as a result of conservative financial management using digital technologies.

Over the past 5 years after COVID-19, the financial technology industry has begun to develop at a significant pace, but until now an exact definition of fintech has not yet been established, since every year the list of innovative technologies and their functions is updated and this makes it difficult to fully define them. The first table shows more vivid and first examples of their definition.

Fintech (financial technology) is a business direction that uses new technologies and innovations in the financial services market, which involves such advanced areas as digital, mobile payments and transfers, electronic wallets, online lending, P2P platforms, crowdfunding, online funds, online insurance, etc.

Having analyzed international practice, we can distinguish three approaches to understanding the essence of “fintech”.

Table 1

Definition of the concept of “fintech” in earlier scientific works¹ (Eshtokin S.V. (2021))

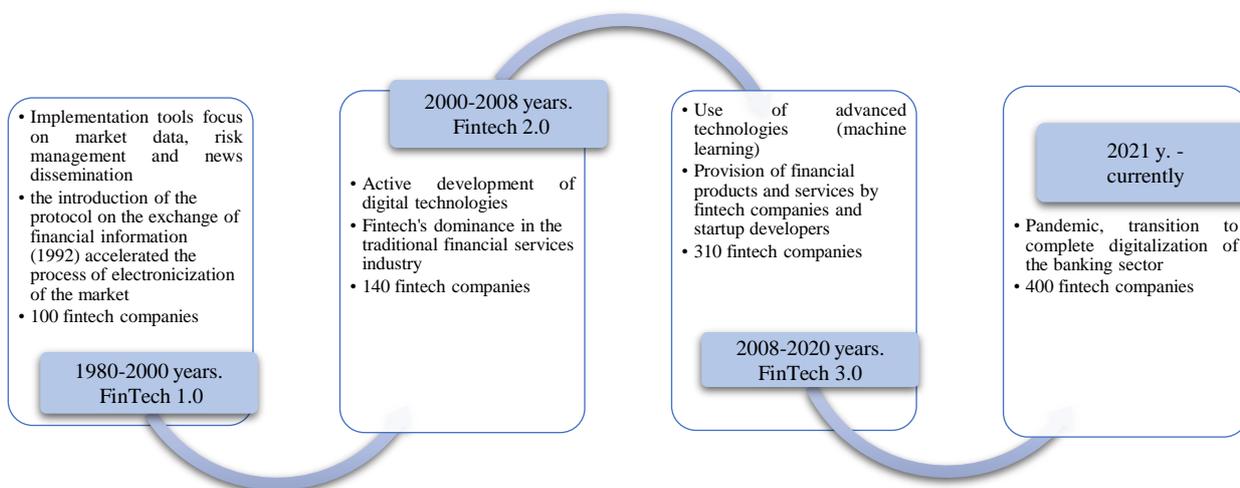
Authors	Contents of the definition
Fitri A.	Fintech is a set of digital technologies used in financial transactions to improve their efficiency in the market
Schueffel P.	Financial technologies are an independent actor in the financial market, focused on introducing advanced digital technology practices into the field of financial asset management
Demertzis M., Merler S., Wolff G.B.	Fintech businesses are a group of IT businesses engaged in the development of products and services for “pure” financial businesses to increase their competitiveness and business activity in the financial market
Gelis P.	Fintech – businesses of the new, 4IR wave, created as a response to the total digitalization of economic relations, and representing an independent alternative to traditional financial businesses (for example, banks)
Wang J.	Fintech is the result of inter-company cooperation of pure financial businesses and IT, combining financial neo-businesses built using the best practices in the use of digital technologies
Belozyorov S., Sokolovska O., Kim Y.	Financial technologies are a group of technologies created on the basis of digital technologies to improve the efficiency and security of working with financial assets
Barykin S.A.	Fintech is a new component of the financial market, which appeared as a response to the fourth industrial revolution, which is a business partnership

¹ Подготовлено автором согласно (Ештокин С.В. (2021)).

	between pure financial businesses and IT companies to reduce the costs of managing financial assets
Filippov D.I.	Fintech is an independent group of businesses based on the integration of digital technologies into the processes of transactions with financial assets

If we take a closer look at the meaning of fintech, we can understand that the first meaning of fintech is presented as a new branch of the economy, consisting of young companies that provide advanced financial market products and services. The second meaning of this concept is expressed in the aggregate of new technology companies that, using their own funds, are developing mechanisms for introducing innovative technologies into the traditional financial sector of the economy. The third understanding of the essence of fintech is the practical activity based on the use of software to meet the demand for financial market products (Vaganova et al. (2020)).

Conventionally, the evolution of fintech development can be divided into several main stages, which are clearly presented in Figure 1.



Picture 1. Evolution development of financial technologies²

Thus, we can say that fintech has evolved from the initial stage of technology implementation exclusively in traditional sectors of the economy, to the point at which it is a unique mechanism capable of determining user expectations. In turn, fintech service providers are not seen solely from the perspective of startups, but are companies with professional management, broad operational capabilities, a comprehensive set of products and an international presence.

The financial services market was one of the first to introduce digital technologies. Digital transformation of the financial services market is part of the process of digital transformation of the economy as a whole. The basis of the digital transformation of the financial services market is the introduction of financial technologies (fintech), such as big data, artificial intelligence, machine learning, robotics, biometrics, blockchain, cloud technologies, mobile technologies. The development of financial technologies has led to the fact that financial services are provided not only by financial institutions. Large technology companies (bigtech) and fintech startups have entered the financial services market. Bigtechs include telecom operators (for example, MTS and Megafon in Russia or Vodafone in Kenya), online platforms (Amazon in the US and Europe, Alibaba/Ant Financial in China), social media and instant messengers (Facebook in the US and Tencent in China), as well as equipment manufacturers (Apple, Samsung or Google). Fintech startups are

² Prepared by the author according to Sokolinskaya and Makarova (2023).

new market participants providing financial services using innovative technologies. The most popular areas of financial services are investment management, lending, mobile banking, global money transfers, insurtech (digital insurance), blockchain-based solutions, crowdfunding.

The trends shaping digital technologies determine the achievement of such goals as:

- formation of competitive opportunities for development in the financial market;
- provision of quality financial services;
- minimizing risks when providing financial services;
- ensuring the safety and security, safety and reliability of financial technologies (Golovin 2019).

The financial technology industry has certain development drivers. Firstly, a country developing this area of the economy must have a developed traditional financial infrastructure, which will serve as the basis for the development of fintech. Secondly, the State is always the founder for the development of any new programs on its territory, therefore the presence of competent legislation and effective regulation in the field of financial technologies is one of the main aspects of ensuring their development in the country

Solutions in the field of financial technologies must be generated by someone, so an important driver is the presence of creative personnel, people with the appropriate education who are able to come up with and implement an innovation project. Also, what stimulates development in this area is the loyalty of the population, as the main user, to the financial system as a whole and specifically to new technologies in this area.

The global experience in the implementation and development of financial technologies consists of many unique paths; therefore, its consideration should be divided into three categories: American, Asian and European.

Financial innovation in America and Asia (particularly China) occurs mainly at the initiative of large technology companies - big tech, such as FAMGA (Facebook, Apple, Microsoft, Google, Amazon) and BAT (Baidu, AntFinancial / Alibaba and Tencent). These large players initially began to build ecosystems, and the introduction of financial services became a logical continuation of this development.

Among the features of the development of financial technologies in the United States, it is worth noting the following:

- 14 out of 31 global fintech “unicorns” (companies whose capitalization amounted to more than \$1 billion in a short period of time) began and developed in the United States;
- the largest number of personnel in the field of fintech work in California; a huge intellectual resource is located here and in New York, so these states have become centers for the development of financial technologies in the United States. In addition to this, Silicon Valley, where business taxes have been implemented since 2014, provides an extremely favorable climate for the development of startups. Preferential taxation of startups, accelerator for innovative business Startupbootcamp and electronic platform fintech Studios, which assists businesses in promoting products;
- companies providing banking services based on financial technologies were able to conduct their business as a regulated bank thanks to the initiative of the US Office of the Comptroller of the Currency (Bogdarenko et al. (2018)).

Continuing the topic of the impact of big technology on the banking sector, it is worth turning to Asian experience in this area. Today, China stands out and makes significant contributions to the development of fintech in the Asian region. The development of the financial technology industry began in 2013.

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deposit rates, which led to the development of: P2P lending, online insurance, electronic money payments and their transfers.

The main feature of Chinese bigtech is its focus on retail trade, in contrast to the large players in the American and European markets, which are business-oriented. Here, there are several large players that occupy almost the entire fintech market: Baidu, Alibaba, AntFinancial and Tencent. They use their large single segment customer base to sell products (Bakulina, Popova (2018)).

India's experience as a representative of developing countries is noteworthy. In 2014, the "Make in India" project began its development, according to which the ICT sector received a significant boost. By 2016, the number of Internet users tripled (almost 30% of the population), and foreign direct investment in the telecommunications sector increased. International manufacturing cyber cities have emerged (analogues of Silicon Valley in the USA), where the PayTM company is today one of the world's largest fintechs (Perminov (2019)).

Moving on to consider the European experience in the development of financial technologies, it is worth noting that here financial technologies are developing not so much thanks to large technology companies, but on the basis of the interaction of three market participants: fintech startups, users and the regulator. Here, traditional market participants more often perform their classic functions, resorting to interaction with startups in order to increase the efficiency of their activities.

The greatest role in this development path was played by the use of open API technology. It is worth noting that the leading countries in the field of regulation of open APIs are: Great Britain, the countries of the European Union, China, India, Australia, Singapore, etc. The pioneers among them were the countries of the European Union, where, according to the Second Payment Services Directive 2, PSD 2), which came into force in 2018, described the concept of open banking. The goal of PSD2 is to significantly change the European payment services market, in particular by increasing the level of competition, reducing the cost of payment services and improving the quality and diversity of payment organizations (Krivoruchko, Lopatin (2018)).

This payment directive stipulates that European financial service providers are obliged, with the consent of the client, to provide data on clients' current accounts free of charge. In addition, the directive introduces the concepts of financial intermediaries: services for initiating payments (intermediaries between the client's bank and the supplier of third-party products and services) and services for aggregating payment information (Rzayeva, Mamedov (2021)).

Thus, there is progress in the direction of financial technologies, which consists of integration with the systems of financial organizations, digitalization of services, as well as the transition to electronic document management, which can increase the competitiveness of organizations and improve customer focus. As in all developing areas, there are problems and barriers that affect development (Figure 2).

Insufficiently developed digital infrastructure

Insufficient financial resources

Low level of financial literacy among the population

There are not enough qualified specialists in this field

Lack of development of the regulatory framework in the field of fintech

Development of financial risks on the part of investors

Development of cyber threats and a large number of cyber frauds

There is a lack of trust in digital financial technologies

Figure 2. Factors influencing the development of fintech³

The main factor in the development of the modern economy is the development of digital technologies in the financial market, as it has a positive effect on the factor of reducing operating costs, the organization and development of financial services, as well as their quality characteristics.

5. Conclusion.

In conclusion, I would like to note that it is currently not possible to make any forecast regarding the long-term development of financial technologies, but what can be said with certainty is that this sector will be in demand by subjects of the domestic financial market. The high demand for financial technology services is due to the growing needs among the population, which is a positive factor for the development of this industry, which is rapidly developing throughout the world.

We can say that the pace of development of the financial technology market in our country is influenced by the following factors: access to financing, technology development, the need for these services among the population and business structures, the activity of offering financial technical services by financial institutions, as well as high competition between them. However, there are many problems in the financial technology sector that we outlined above. To solve these problems and obstacles, we proposed a couple of recommendations, that is:

- create effective methods for regulating financial technologies;
- improve the legislative framework for protecting the rights and data of users of financial technologies;
- provide the fintech industry with qualified personnel in the field of digital technologies,
- strengthen financing and government support for the fintech industry (tax and insurance benefits, direct support, etc.);
- create the necessary infrastructure and conditions for the possibility of introducing financial technologies in all regions of the country;
- to intensify the processes of using financial services with the support of government programs;
- create new financial institutions and introduce modern financial products and technologies.

Thus, the application of these proposals and recommendations will strengthen the digital component of the economy, and will also create the necessary advantages for its development in the near future.

³ Prepared by the author according to open empirical research.

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